

Message Text

SECRET

PAGE 01 ABU DH 00574 230855Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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P R 230753Z FEB 77
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC 5674 PRIORITY
INFO AMEMBASSY JIDDA
AMEMBASSY TEHRAN
AMEMBASSY ALGIERS
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMCONSUL DHAHRAN
AMEMBASSY JAKARTA
AMEMBASSY KUWAIT
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY QUITO
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
AMEMBASSY LAGOS
USINT BAGHDAD
AMEMBASSY MUSCAT

S E C R E T ABU DHABI 0574

EXDIS

E.O. 11652: GDS
TAGS: ENRG, TC, SA
SUBJ: YAMANI VISIT TO UAE

REF: ABU DHABI 351

1. SUMMARY: SAUDI OIL MINISTER YAMANI PAID ANOTHER QUICK
VISIT TO ABU DHABI ON FEBRUARY 22 TO DELIVER MESSAGE TO UAE
PRESIDENT SHAIKH ZAYID FROM CROWN PRINCE FAHD ON COORDINATING
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OIL PRICING POLICIES. PURPOSE OF VISIT APPEARS TO HAVE BEEN TO
GAIN REASSURANCES FROM ZAYID THAT THERE WILL BE NO UAE BACKSLIDING
ON OIL PRICING BECAUSE OF EXTERNAL PRESSURES AGAINST UAE. END
SUMMARY.

2. SAUDI OIL MINISTER YAMANI, ACCOMPANIED BY DEPUTY OIL
MINISTER ABD AL AZIZ AL TURKI, PAID ANOTHER FLYING VISIT TO

ABU DHABI FEBRUARY 22. IMMEDIATELY AFTER HIS ARRIVAL, HE MET WITH UAE PRESIDENT SHAIKH ZAYID TO DELIVER A MESSAGE FROM CROWN PRINCE FAHD ON COORDINATION BETWEEN THE TWO COUNTRIES RE OIL MATTERS. LATER HE HAD SEPARATE TALKS WITH OIL MINISTER UTAYBA ON OIL PRICES AND PRODUCTION.

3. ON ARRIVAL AT ABU DHABI AIRPORT, YAMANI TOLD REPORTERS THAT "WE REGRET THAT OUR COLLEAGUES IN OPEC HAVE NOT ALTERED THEIR POSITION AND WE ON OUR PART HAVE NO INTENTION WHATSOEVER OF INCREASING THE PRICE OF OUR IOIL." YAMANI NOTED THAT "EFFORTS TO RESTORE OIL PRICE UNITY HAVE NOT REACHED ANY POSITIVE CONCLUSION" BUT THAT SAUDI ARABIA WAS STILL KEEN TO MAINTAIN OPEC PRICE UNITY AND HE STILL HOPED THAT OTHER OPEC COUNTRIES WOULD ALTER THEIR POSITIONS. YAMANI ALSO SAID THAT SAUDI ARABIA WAS GOING AHEAD WITH ITS PLANS TO INCREASE ITS OIL PRODUCTION TO MEET WORLD MARKET DEMANDS BUT THIS DID NOT MEAN THAT IT PLANNED TO FLOOD THE MARKET WITH CHEAP OIL. HE ADDED THAT THE SAUDIS WOULD NOT OPPOSE THE HOLDING OF A SPECIAL OPEC MINISTERIAL TO TRY AND RESOLVE THE OIL PRICE DISPUTE BUT PREPARATIONS FOR SUCH A CONFERENCE WOULD HAVE TO BE DONE WELL IN ADVANCE TO ASSURE ITS SUCCESS.

4. VISIT IS FOLLOW UP TO FEB 7 VISIT BY UTAYBA TO RIYADH. ASIDE FROM REFLECTING CONTINUED CLOSE SAUDI-UAE CONSULTATIONS ON OIL POLICY MATTERS, PRINCIPAL PURPOSE OF YAMANI VISIT SEEMS TO HAVE BEEN TO MAKE SURE THAT THERE WOULD BE NO BACKSLIDING ON ZAYID'S PART IN SUPPORTING SAUDI ARABIA ON OIL PRICING AND PRODUCTION ISSUES WITHIN OPEC BECAUSE OF EXTERNAL PRESSURES, PARTICULARLY THE UAEG'S CONCERN OVER ITS RELATIONS WITH IRAN (REFTEL).

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WHEN I SPOKE TO YAMANI IN RIYADH FEB 19 DURING PRINCE SAUD'S DINNER IN HONOR OF THE SECRETARY, YAMANI HINTED THAT HE WOULD SOON BE MAKING A VISIT TO ABU DHABI FOR THIS PURPOSE. ZAYID HAD BEEN AWAY IN PAKISTAN FOR SIX WEEKS HUNTING WITH HIS FALCONS (AND DID NOT RETURN TO ABU DHABI UNTIL FEBRUARY 17) AND YAMANI THOUGH SOME HIGH LEVEL CONSULTATIONS WOULD BE USEFUL.

WHILE I HAVE NOT HAD AN OPPORTUNITY TO HAVE A PRIVATE MEETING WITH UTAYBA, LATEST ROUND OF CONSULTATIONS APPEARS TO HAVE BEEN SUCCESSFUL AS FAR AS SAUDIS CONCERNED. DURING LUNCH GIVEN BY UTAYBA FOR THE VISITORS, BOTH YAMANI AND AL TURKI WENT OUT OF THEIR WAY TO TELL ME HOW MUCH THEY APPRECIATED ZAYID'S SUPPORT. THIS SUPPORT WAS PARTICULARLY HELPFUL AT THIS TIME FOR SAUDI OIL STRATEGY BECAUSE ALMOST ALL UAE CRUDES, DUE TO THEIR HIGH GRAVITY AND VERY LOW SULPHUR CONTENT, COULD COMMAND SUBSTANTIAL PREMIUMS IN TODAY'S MARKET. UAE HAD HELD NOT ONLY TO 5 PERCENT PRICE LINE BUT HAD DECLINED ADDING QUALITY DIFFERENTIAL (WHICH WOULD BE ABOUT 30 CENTS PER BBL FOR MOST UAE CRUDES UNDER PRESENT ALGERIAN FORMULA). ON PRODUCTION, AL TURKI SAID

THE SAUDI SIDE HAD INFORMED ZAYID THAT KINGDON HAD REMOVED PRODUCTION CEILINGS AND THAT LEVEL OF PRODUCTION WAS NOW BEING DETERMINED BY CAPABILITY OF ARAMCO FACILITIES AND WEATHER IN THE GULF. WHEN I MENTIONED THAT THERE WAS A DIFFERENCE OF VIEWS WITHIN THE UAEG WHETHER PRODUCTION SHOULD EXCEED THIS YEAR'S ALLOWABLES, AL-TURKI DISMISSED THIS BY SAYING THAT WHILE IT WOULD BE NICE SYMBOLICALLY IF UAE WERE ABLE TO INCREASE ITS PRODUCTION A LITTLE MORE, ABU DHABI'S SPARE CAPACITY WAS ONLY ABOUT 300,000 BPD AND THIS WOULD NOT MAKE MUCH OF A DENT.

6. THE SAUDI VISITORS COULD NOT HIDE THEIR IRRITATION AT LACK OF SUPPORT ON OIL PRICES FROM OTHER PENINSULA STATES. WHEN I DESCRIBED EARLIER ASSURANCES WHICH UAE PRESIDENT SHAIKH ZAYID HAD GIVEN US PRIOR TO DOHA CONFERENCE THAT FOR ALL PRACTICAL PURPOSES, UAE POSITION WOULD BE SAME AS SAUDIS, AL TURKI SAID SAG HAD RECEIVED SAME KIND OF ASSURANCES FROM OTHER PENINSULA LEADERS CITING QATAR AS SPECIFIC EXAMPLE. HOWEVER, ONLY ZAYID HAD KEPT
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HIS WORD.
DICKMAN

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Decaption Note: 25 YEAR REVIEW
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
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Format: TEL
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Original Handling Restrictions: EXDIS
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Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: 77 ABU DHABI 351
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3258285
Secure: OPEN
Status: NATIVE
Subject: YAMANI VISIT TO UAE
TAGS: ENRG, TC, SA, (YAMANI, AHMAD ZAKI)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/96d360c3-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009